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#8

OCT 27 2011

MEMORANDUM

Management Services Memo No. 12-013

DATE: OCTOBER 12, 2011

TO: MAYOR AND COUNCIL

THRU: RICH DLUGAS, CITY MANAGER *RD*

FROM: DENNIS STRACHOTA, MANAGEMENT SERVICES DIRECTOR *DS*

SUBJECT: RESOLUTION NO. 4544 RATIFYING AND APPROVING ADMINISTRATIVE ACTION TAKEN ON BEHALF OF THE CITY TO REDUCE OR ELIMINATE THE AMOUNT OR TYPE OF DEVELOPMENT FEES IMPOSED AND COLLECTED PURSUANT TO CHAPTER 38 OF THE CHANDLER CITY CODE FOR THE SOLE PURPOSE OF COMPLYING WITH NEW STATUTORY REQUIREMENTS SET OUT IN A.R.S. § 9-463.05.

RECOMMENDATION: Staff recommends approval of Resolution No. 4544, ratifying and approving administrative action taken on behalf of the City to reduce or eliminate the amount or type of development fees imposed and collected pursuant to Chapter 38 of the Chandler City Code for the sole purpose of complying with new statutory requirements set out in A.R.S. § 9-463.05.

BACKGROUND/DISCUSSION: In fiscal year 2010-11, Senate Bill (SB) 1525 (50th Legislature – First Regular Session) redefined a municipality's ability to assess system development fees (a.k.a. impact fees) effective December 31, 2011, essentially rewriting Arizona's impact fee enabling act for municipalities.

The City needs to adjust fee categories to exclude capital projects from the calculation which are no longer eligible to be paid with impact fees under SB 1525. The City currently charges system development fees in the following categories: arterial street, fire, library, park, police, public buildings, reclaimed water, wastewater, water and water resource. The arterial street and utility categories are unaffected by SB 1525, however, the remaining categories require recalculation.

The City hired Duncan Associates, the firm which prepared its last consultant update to non-utility system development fees in 2008, to assist with the necessary changes. The fee recalculations are described in detail in an October 11, 2011 memo from the consultant to the Management Services Director. Since this change is mandated by law, Council is only taking administrative action to allow City staff to collect the fees at the reduced level starting

January 1, 2012. The following table summarizes the reductions necessary to comply with the provisions of SB 1525 by January 1, 2012:

Land Use	Unit	Parks	Library	Fire	Police	Public Bldgs.	Total
Current Fees							
Single-Family	Dwelling	\$5,057	\$251	\$577	\$288	\$317	\$6,490
Multi-Family	Dwelling	\$3,873	\$192	\$442	\$221	\$243	\$4,971
Retail/Commercial	1000 sq. ft.	\$0	\$0	\$720	\$370	\$400	\$1,490
Office	1000 sq. ft.	\$0	\$0	\$550	\$280	\$310	\$1,140
Public/Institutional	1000 sq. ft.	\$0	\$0	\$190	\$100	\$110	\$400
Industrial/Warehouse	1000 sq. ft.	\$0	\$0	\$180	\$90	\$100	\$370
Revised Fees							
Single-Family	Dwelling	\$3,740	\$75	\$344	\$164	\$97	\$4,420
Multi-Family	Dwelling	\$2,865	\$58	\$263	\$125	\$74	\$3,385
Retail/Commercial	1000 sq. ft.	\$0	\$0	\$430	\$204	\$121	\$755
Office	1000 sq. ft.	\$0	\$0	\$328	\$156	\$92	\$576
Public/Institutional	1000 sq. ft.	\$0	\$0	\$111	\$53	\$31	\$195
Industrial/Warehouse	1000 sq. ft.	\$0	\$0	\$105	\$51	\$30	\$186
Percent Change							
Single-Family	Dwelling	-26%	-70%	-40%	-43%	-69%	-32%
Multi-Family	Dwelling	-26%	-70%	-40%	-43%	-70%	-32%
Retail/Commercial	1000 sq. ft.	n/a	n/a	-40%	-45%	-70%	-49%
Office	1000 sq. ft.	n/a	n/a	-40%	-44%	-70%	-49%
Public/Institutional	1000 sq. ft.	n/a	n/a	-42%	-47%	-72%	-51%
Industrial/Warehouse	1000 sq. ft.	n/a	n/a	-42%	-43%	-70%	-50%

The Management Services Council Subcommittee will meet on October 21, 2011, for a briefing on the impact fee reductions that will take effect on January 1st. Later that same day, members of the development community have been invited to meet with City staff on the same topic.

FINANCIAL IMPLICATIONS: System development fees are charges designed to provide funding to a community for the cost of expanding infrastructure required to support new development. If these fees are not maintained at the proper level, the City may have to provide additional General Fund support through cash payments or debt issuance for growth-related projects. Based on the past two years of actual collections, and assuming the same mix of development, the annual impact of these fee reductions will be about \$1.5 million.

PROPOSED MOTION: Move to approve Resolution No. 4544, ratifying and approving administrative action taken on behalf of the City to reduce or eliminate the amount or type of development fees imposed and collected pursuant to Chapter 38 of the Chandler City Code for the sole purpose of complying with new statutory requirements set out in A.R.S. § 9-463.05.

- c: Pat McDermott, Assistant City Manager
- Jeff Clark, Fire Chief
- Dawn Lang, Assistant Director for Finance

- Attachments: Resolution No. 4544
- Exhibit A – Existing Fees
- Exhibit B – Revised Fees

RESOLUTION NO. 4544

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CHANDLER, ARIZONA, RATIFYING AND APPROVING ADMINISTRATIVE ACTION TAKEN ON BEHALF OF THE CITY TO REDUCE OR ELIMINATE THE AMOUNT OR TYPE OF DEVELOPMENT FEES IMPOSED AND COLLECTED PURSUANT TO CHAPTER 38 OF THE CHANDLER CITY CODE FOR THE SOLE PURPOSE OF COMPLYING WITH NEW STATUTORY REQUIREMENTS SET OUT IN A.R.S. § 9-463.05.

WHEREAS, pursuant to A.R.S. § 9-463.05, the City of Chandler imposes and collects development fees related to various categories of public services in accordance with the fee schedule set out in Chapter 38 of the Chandler City Code (shown in attached Exhibit A); and

WHEREAS, the Legislature recently enacted SB 1525, which amended A.R.S. § 9-463.05 in several respects, including the reduction or elimination of development fees related to certain categories of public services by January 1, 2012; and

WHEREAS, Administrative Staff has taken action to assure that the City is in compliance with this new statutory requirement by reducing or eliminating the imposition and collection of development fees related to certain categories of public services, including, without limitation, fees associated with: general public buildings, fire/police administration and training facilities; library facilities and books; and park facilities other than neighborhood parks; and

WHEREAS, the result of such action is a revised schedule of fees effective as of January 1, 2012, which schedule is attached hereto as Exhibit B;

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Chandler, Arizona that the administrative action taken by Administrative Staff and the revised fee schedule resulting from such action is hereby ratified and approved, as applicable.

PASSED AND ADOPTED by the City Council of the City of Chandler, Maricopa County, Arizona, this 27th day of October, 2011.

ATTEST:

CITY CLERK

MAYOR

CERTIFICATION

I HEREBY CERTIFY that the above and foregoing Resolution No. 4544 was duly passed and adopted by the City Council of the City of Chandler, Arizona, at a regular meeting held on the 27th day of October 2011, and that a quorum was present thereat.

CITY CLERK

APPROVED AS TO FORM:

CITY ATTORNEY *GAB*

38-13. Current development fees/charges.

System development charges/fees are hereby established as follows:

Water System Development Charges:

Single-family (per dwelling unit)	\$5,019.00
Multi-family (per dwelling unit)	\$1,832.00
Commercial/industrial	(See Table A)

Water Resource System Development Charges:⁽¹⁾

Single-family (per dwelling unit)	\$34.00
Multi-family (per dwelling unit)	\$13.00
Commercial/industrial	(See Table A)

Wastewater System Development Charges/Trunkline:⁽²⁾

Single-family (per dwelling unit)	\$167.00
Multi-family (per dwelling unit)	\$77.00
Commercial/industrial	(See Table A)

Wastewater System Development Charges/Treatment:⁽²⁾

Single-family (per dwelling unit)	\$5,272.00
Multi-family (per dwelling unit)	\$2,413.00
Commercial/industrial	(See Table A)

Reclaimed Water System Development Charges:⁽²⁾

Single-family (per dwelling unit)	\$1,114.00
Multi-family (per dwelling unit)	\$511.00
Commercial/industrial	(See Table A)

Fire Fees:⁽⁵⁾

Single-family (per dwelling unit)	\$577.00
Multi-family (per dwelling unit)	\$442.00
Retail/Commercial (per square foot)	\$0.72
Office (per square foot)	\$0.55
Industrial/Warehouse (per square foot)	\$0.18
Public/quasi-public (per square foot)	\$0.19

Police Fees:⁽⁵⁾

Single-family (per dwelling unit)	\$288.00
Multi-family (per dwelling unit)	\$221.00
Retail/Commercial (per square foot)	\$0.37
Office (per square foot)	\$0.28
Industrial/Warehouse (per square foot)	\$0.09
Public/quasi-public (per square foot)	\$0.10

Library Fees:

Single-family (per dwelling unit)	\$251.00
Multi-family (per dwelling unit)	\$192.00
Commercial (per square foot)	\$0.00
Industrial (per square foot)	\$0.00

Arterial Street Fees:⁽³⁾

Single-family (per dwelling unit)	\$3,983.00
Multi-family (per dwelling unit)	\$2,446.00
Retail/Commercial (per square foot) ⁽⁴⁾	\$7.39

Office (per square foot) ⁽⁶⁾	\$5.88
Industrial/Warehouse (per square foot)	\$2.63
Public/quasi-public ⁽⁵⁾	\$1.66

Park Fees:

Single-family (per dwelling unit)	\$5,057.00
Multi-family (per dwelling unit)	\$3,873.00
Commercial (per square foot)	\$0.00
Industrial (per square foot)	\$0.00

Public Building Fees:⁽⁵⁾

Single-family (per dwelling unit)	\$317.00
Multi-family (per dwelling unit)	\$243.00
Retail/Commercial (per square foot)	\$0.40
Office (per square foot)	\$0.31
Industrial/Warehouse (per square foot)	\$0.10
Public/quasi-public (per square foot)	\$0.11

⁽¹⁾ Assessed in off-project areas and nonmember areas only.

⁽²⁾ No reclaimed water or wastewater fees for water-only connections (landscape).

⁽³⁾ Assessed in any area south of Frye Road, east of McClintock Road, and north of Frye Road, east of Arizona Avenue, except property which is both north of Knox Road and west of the Southern Pacific Railroad tracks.

⁽⁴⁾ City will contribute an additional seven dollars and forty cents (\$7.40) per square foot for retail space for a total of fourteen dollars and seventy-nine cents (\$14.79) per square foot for retail. However, for retail space that generates less than 3 trips per 1,000 square foot of retail space at PM peak according to the ITE Trip Generation Manual, the fee will be three dollars and sixty-nine cents (\$3.69) per square foot, with the City contributing eleven dollars and ten cents (\$11.10) per square foot of retail.

⁽⁵⁾ Pursuant to ARS 9-500.18, the fire, police and public building fees shall not be collected

from a school district or charter school. In addition, arterial street impact fees shall not be collected from a school district.

⁽⁶⁾ For Class A office space (as determined by the City Engineer) with a minimum of 50,000 square feet in a single building the fee will be four dollars and forty cents (\$4.40) per square foot, with the City contributing one dollar and forty-eight cents (\$1.48) per square foot.

TABLE A

COMMERCIAL/INDUSTRIAL SYSTEM CHARGES

Meter Size, inches	Type	Water System	Water Resource ⁽¹⁾	Wastewater System Trunkline ⁽²⁾	Wastewater System Treatment ⁽²⁾	Reclaimed Water ⁽²⁾
5/8 x 3/4	Disc	\$5,019.00	\$42.00	\$167.00	\$5,272.00	\$1,114.00
3/4	Disc	\$7,529.00	\$65.00	\$251.00	\$7,906.00	\$1,672.00
1-0	Disc	\$12,549.00	\$107.00	\$417.00	\$13,177.00	\$2,785.00
1 1/2	Disc	\$25,097.00	\$249.00	\$834.00	\$26,354.00	\$5,570.00
2-0	Disc	\$40,154.00	\$484.00	\$1,334.00	\$42,166.00	\$8,913.00
3-0	Compound	\$80,309.00	(3)	\$2,667.00	\$84,332.00	\$17,825.00
4-0	Compound	\$125,482.00	(3)	\$4,168.00	\$131,768.00	\$27,850.00
6-0	Compound	\$250,963.00	(3)	\$8,336.00	\$263,535.00	\$55,700.00
8-0	Compound	\$401,541.00	(3)	\$13,336.00	\$421,656.00	\$89,120.00
2-0	Turbine	\$40,154.00	\$484.00	\$1,334.00	\$42,166.00	\$8,913.00
3-0	Turbine	\$87,838.00	(3)	\$2,917.00	\$92,238.00	\$19,496.00
6-0	Turbine	\$313,704.00	(3)	\$10,419.00	\$329,419.00	\$69,625.00
8-0	Turbine	\$451,733.00	(3)	\$15,004.00	\$474,364.00	\$100,261.00

⁽¹⁾ Assessed in off-project areas and nonmember areas only.

⁽²⁾ No reclaimed water or wastewater fees for water-only connections (landscape).

For meters ten (10) inches and larger, the water system, wastewater system and reclaimed water development charges shall be based on the following formula:

$$\text{Development Charge} = (5/8 \times 3/4 \text{ Charge}) \times (\text{Safe Maximum Operating Capacity (GPM)}/20(\text{GPM}))$$

⁽³⁾ The water resource charge fee for meters three (3) inches and larger shall be determined based on the City Engineer's projected water use using the following formula:

$$\text{Development Charge} = (\text{Single-family Water Resource Charge}) \times \text{Average Projected Water Use (GPD)}/417 (\text{GPD})$$

38-13. Current development fees/charges.

System development charges/fees are hereby established as follows:

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Single-family (per dwelling unit) \$5,019.00

Multi-family (per dwelling unit) \$1,832.00

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Fire Fees:⁽⁵⁾

	Single-family (per dwelling unit)	\$577.00 \$344.00
	Multi-family (per dwelling unit)	\$442.00 \$263.00
	Retail/Commercial (per square foot)	\$0.72 \$0.43
	Office (per square foot)	\$0.55 \$0.33
	Industrial/Warehouse (per square foot)	\$0.18 \$0.11
	Public/quasi-public (per square foot)	\$0.19 \$0.11

Police Fees:⁽⁵⁾

	Single-family (per dwelling unit)	\$288.00 \$164.00
	Multi-family (per dwelling unit)	\$221.00 \$125.00
	Retail/Commercial (per square foot)	\$0.37 \$0.20
	Office (per square foot)	\$0.28 \$0.16
	Industrial/Warehouse (per square foot)	\$0.09 \$0.05
	Public/quasi-public (per square foot)	\$0.10 \$0.05

Library Fees:

	Single-family (per dwelling unit)	\$251.00 \$75.00
	Multi-family (per dwelling unit)	\$192.00 \$58.00
	Commercial (per square foot)	\$0.00
	Industrial (per square foot)	\$0.00

Arterial Street Fees:⁽³⁾

	Single-family (per dwelling unit)	\$3,983.00
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 Commercial (per square foot) \$0.00
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Public Building Fees:⁽⁵⁾

| Single-family (per dwelling unit) ~~\$317.00~~\$97.00
 | Multi-family (per dwelling unit) ~~\$243.00~~\$74.00
 | Retail/Commercial (per square foot) ~~\$0.40~~\$0.12
 | Office (per square foot) ~~\$0.31~~\$0.09
 | Industrial/Warehouse (per square foot) ~~\$0.10~~\$0.03
 | Public/quasi-public (per square foot) ~~\$0.11~~\$0.03

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